has heavy subsidies for the HMOs and a roll of the dice on the premiums for our senior citizens. And that is not even the beginning.

Currently, of our 40 million seniors, there are 6 million who have Medicare but also who have what they call Medicaid to those who are very poor, we are talking about 100 percent of poverty or below. Those beneficiaries have to pay copayments for medical care. Most of the States pick up those copayments. That is what is existing today.

Do you think that is going to continue under this bill? No. No, no. No, no, that does not continue under this proposal. That is actually prohibited under this legislation.

There will be 6 million of our seniors who are getting help and assistance from their States today who will be prohibited from getting it under this proposal. Why? This all saves the money—probably $9 to $12 billion—to use for other purposes.

If you come from a State with large numbers of very poor, and where the State is paying that $1, $3, $5, in terms of the prescription drugs, it does not sound like a lot of money. But if seniors need that drug two or three times a week, it piles up every week, it piles up every month, and it piles up every year.

Why does the conference bill do that? Why in the world did they do that? It was not in the Senate bill. It was in the House bill, and it was accepted in the conference.

Now we come back to those who are the very needy and the very poor, and we see many of our elderly who are excluded from this program with what we call an asset test.

The asset test is basically the following: If you own a car that is worth more than $4,500, you have a wedding ring worth $2,300, you have $6,200 in savings, and you have a burial plot that is worth more than $1,500, all that is considered in terms of your assets to exclude you from being eligible for benefits targeted to the poorest of the poor.

The Senate bill said that low-income people could get the assistance they needed without going through a cruel and demeaning assets test.

Senators from New Mexico, Mr. BINGAMAN and Mr. DOMENICI offered an amendment, which passed by 67 votes, to reaffirmed the Senate's desire not to penalize people because they managed to save a small amount of money during their working lives. I was proud of the Senate, of Republicans and Democrats alike, for recognizing that if we were going to pass a prescription drug bill, it ought to be targeted on the neediest of the needy. But the bill put forward by this conference went in the opposite direction and restored that cruel and demeaning assets test.

We had a good bill. We did not provide these large subsidies to the PPOs and the HMOs. We did not have premium support program that so threatens, undermines and endangers Medicare. No, no, we did not have those. Ours was basically a prescription drug program focused on the neediest seniors built on private sector delivery with a backup in terms of the Medicare system. That was the compromise.

But not here. The conference needed more money to pay for what they call health savings account, the medical savings account, which they have put in this particular conference report, at the cost of anywhere from $6 to $7 billion, draining our national deficit even more and adds to the total cost of the legislation.

Health savings accounts are designed for the healthiest and wealthiest people in our society leaving the sickest and poorest of the workers in this country in the private sector where their premiums could be increased by 20 to 30 to 40 percent. As the debate unfolds, we will be presenting further estimates on this. It was best estimated, from the Urban Institute, at 60 percent increases.

This conference report gives us a whole new kind of a system. We have the heavy subsidizing of private plans with 25 percent more being paid for by seniors. We have the experimental system where you are going to have those enormous swings in premiums all over the country without any predictability, and it is untested and untried. We have the cutting back of 3 million of the neediest people because of the reimposition of the asset test. We have the introduction of the health savings account which is going to skew the health delivery system for millions of workers and the young people in this country.

Many people are going to bail out of their traditional system, and leave their coworkers, who may have greater kinds of health threats, to pay a very enhanced premium and also enhance the premium of the companies themselves.

What are we talking about with this legislation? Let's add it up. Of the about 10 to 12 million American workers who now have retiree accounts, under this proposal, the best estimate is that 2 to 3 million of those who are covered today will lose that, according to CBO.

We heard the estimate—this was a real good one—that up to 30 percent of those who were getting coverage were going to lose it. And then some of our Republican friends said that is too much, that is too many, so let's expand the base, which they did. Let's include all the Federal employees. Let's include other groups in there to lower the percentage. Now they come out and say: I know it was 33 percent before; now it is only 12 or 14 percent.

The total numbers are the same. You are going to lose the 3 million.

This is what we have: 6 million Medicaid beneficiaries who now have wraparound coverage; they are going to be paying more. You have 2 to 3 million retirees who lose their coverage. They are going to be hurt by this legislation.

We have 6 million people in the untested, untried premium support demonstration. Add that up, 15 million of the elderly and disabled are going to be impacted or affected by this program. At the same time we are talking about billions of dollars in the slush fund for the PPOs. We are talking about the health savings accounts, which are billions of dollars, that the taxpayers are going to end up paying. Then we have the asset test which is going to exclude many of our seniors.

This legislation has been altered and changed. It was a prescription drug program when it passed the Senate with strong bipartisan support. Now it is a Medicare Program. At the heart of this program are the kinds of instruments that can undermine Medicare and threaten our seniors now and in the years to come. It doesn't deserve to pass.

I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. BOND. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

MORNING BUSINESS

Mr. BOND. Mr. President, I ask unanimous consent that the Senate proceed to a period for morning business with Members permitted to speak up to 10 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

MEASURES PLACED ON THE CALENDAR—S. 1862, S. 1863, S. 1864, S. 1865, S. 1877

Mr. BOND. Mr. President, I understand there are five bills at the desk, and they are due for a second reading. I ask unanimous consent that the clerk read the titles of the bills en bloc for a second time.

The PRESIDING OFFICER. Without objection, it is so ordered. The clerk will read the bills by title.

The assistant legislative clerk read as follows:

A bill (S. 1862) to provide certain exceptions from requirements for bilateral agreements with Australia and the United Kingdom for exemptions from the International Traffic in Arms Regulations.

A bill (S. 1863) to authorize the transfer of certain Naval vessels.

A bill (S. 1864) to enhance the security of the United States and United States allies.

A bill (S. 1865) to enhance the security of the United States and United States allies.

A bill (S. 1866) to enhance the security of the United States and United States allies.

Mr. BOND. I would object to further proceedings en bloc.

The PRESIDING OFFICER. The objection is heard. The bills will be placed on the calendar.

Mr. BOND. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mrs. FEINSTEIN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mrs. FEINSTEIN. Mr. President, is the Senate in morning business?

The PRESIDING OFFICER. The Senate is in morning business.

SMALL ENGINE POLLUTION

Mrs. FEINSTEIN. Mr. President, I will make my remarks as if in morning business, but my remarks pertain to the HUD–VA bill, and in particular to the small engine provision of that bill.

If Members will remember, the Senator from Missouri, in the Appropriations Committee, placed an environmental rider into the HUD–VA bill which would prevent California from moving forward with its regulation to regulate off-road engines under 175 horsepower. The State has developed a regulatory scheme to do so because these engines were a substantial part—17 percent—of the mobile source pollution in the State, and it was believed by the California Air Resources Board that regulation of these engines could be achieved and, in fact, could reduce pollutants considerably.

On the floor of the Senate, the Senator from Missouri offered an amendment to his amendment from committee. The new language which changed the amendment, in my view, making it better, by only affecting engines under 50 horsepower. I spoke against his amendment in the Appropriations Committee. I did not press for a vote on the small engine amendment which he offered on the floor largely because I thought we would lose it and that we had a better chance of trying to remove the language from the bill in conference.

The bill has been preconferenced. Sadly, we have not been able to remove that language from the bill. I am told today that if I were to submit the amendment we had prepared which would eliminate the Bond amendment in its entirety, I would not be allowed a vote on that amendment. I believe the rationale is because I agreed to go to conference. I had only because I didn't want to lose on the floor and I thought I didn't have the votes.

Since that time, a number of States have realized that their regulatory schemes would also be impacted by this provision. Other States would be affected because the 1990 amendments to the Clean Air Act essentially said that California has the ability to regulate these engines, and other States may then take various components of that regulation and enact them as their own State law if they so choose. Since last week, a number of States have weighed in indicating they have regulatory regimes underway that would be affected and that they are opposed to the Bond amendment. Nonetheless, we are where we are.

I have come to the floor today simply to speak about why I think this is so egregious—and I do think it is egregious. I believe it is the first major setback from the clean air amendments of 1990, and specifically from the amendments allowing States to regulate air quality for the protection of their own people. By eliminating this, we are taking important rights away from the States certain rights and diminishing the States' ability to take care of their own people.

As the fire chiefs have said to me in a letter, if they waited for the Federal Government to regulate bedding and upholstery, they would be still be waiting for that regulation. Instead, the States have taken it on their own to make those regulations. The people of California are much safer because of it.

Let there be no doubt. I believe very strongly that this small engine provision should be removed from the bill and that we should restore the States' rights to protect public health under the Clean Air Act.

On the surface, the amendment that was adopted on Wednesday looked like a substantial improvement. At the time I thought it was an improvement simply because it dropped from 175 horsepower to 50 horsepower. However, the amendment still blocks all States from regulating some of the dirtiest engines out there.

The States will lose the ability to reduce pollution from all spark-ignition engines smaller than 50 horsepower. This includes lawn and garden equipment, some forklifts, recreational boats, off-road motorcycles, and all-terrain vehicles. The original small engine provision would not have affected boats or off-road motorcycles. But the amendment adopted on Wednesday is broad enough to affect a whole new group of engines.

This provision will take four California regulations off the books. My State will lose regulations on lawn and garden equipment, recreational boats, and off-road motorcycles.

I don't know whether the effects on additional engines were intentional or not. We told the Senator from Missouri about them and the language did not change.

But I want to point out another important fact about the amendment adopted on Wednesday. The language requires the U.S. Environmental Protection Agency to propose a new national regulation by December 1, 2004. It does not require the EPA to finalize that regulation, ever. They could propose a regulation and never finalize it. The one promising part of this amendment guarantees nothing. The States need to reduce these emissions now.

I want to remind my colleagues just how dirty these engines are. You will see here that mowing the lawn produces as much pollution as driving a car for 13 hours. I didn't know that before. I didn't know that if you mow your lawn for 1 hour it is like driving the automobile for 13 hours.

This chart shows how long you would have to drive a car to produce as much pollution as when you operate various types of equipment for one hour.

In other words, using a weed trimmer for 1 hour produces as much pollution as driving a car for 8 hours, mowing a lawn for 1 hour produces as much pollution as driving a car for 13 hours, and operating a forklift for 1 hour produces as much pollution as driving a car for a full 17 hours.

Clearly, this is a problem. In 8 hours a person can drive from Washington to Charleston, SC. Or he can mow the lawn for an hour and produce just as much pollution. The States need to be able to clean up these engines.

The small engine provision is bad for the States and for public health. The compromise from last week did not change the substantive issues.

The small engine provision is still using an appropriations bill to make fundamental changes to the Clean Air Act. It is an environmental rider on the HUD–VA bill. It has had no authorization. It has had no hearing. It does not belong in this bill.

The amendment from Wednesday still takes a longstanding right away from the States. States with serious air pollution need to be able to reduce emissions from these engines. The 1990 amendments to the Clean Air Act guarantee the States the right to do so. This provision overturns that right without even going through the proper channels.

Under the compromise, my State alone will lose the right to regulate over 4 million cars' worth of pollution. That is what is being taken away—access to 4 million cars' worth of pollution. That means the State is most likely going to have to tighten regulations on stationary sources, which is going to mean more expense to major industries in the State of California. That means job loss in other industries.

I cannot see how building cleaner engines should cost jobs to individuals at one company when every other company has said they will be able to build the engines without job loss. Because Briggs & Stratton does not like one California regulation, every State in the Union is going to permanently lose the right to reduce pollution from these engines. States with serious pollution problems need to be able to reduce these emissions or risk harming public health and losing transportation funds.

This provision affects every single State, not just California. For example, I understand that New York has already adopted the California regulation affecting recreational boat motors. New York will lose that regulation because of this provision.

Eight southeastern States—Alabama, Florida, Georgia, Kentucky, Mississippi, North Carolina, South Carolina, and Tennessee—have all written a